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NHS
Brighton and Hove

Annual Report
2008/09

NHS BRIGHTON AND HOVE INTENDS TO:

- **be the leading advocate for health and health care in the city;**
- **improve health and reduce health inequalities;**
- **increase service quality and choice;**
- **increase people's confidence in, and engagement with, the NHS; and**
- **manage resources effectively**.

CONTENTS

Introduction	1
Leading health and health care	2-3
Improving health and reducing inequalities	4-5
Increasing quality and choice	6-7
Increasing confidence and engagement	8-9
Managing resources	10-11
Operating and Financial Review	12-13
Chief Executive's and Directors' Statements	14-15
Statement of internal control	16-19
Remuneration report	20-22
Independent Auditor's Statement	23
Summary Financial Statements	**24-29**
Glossary	**30-31**

An introduction to our Annual Report and Accounts

Welcome to the 2008/09 annual report and summary financial statements for NHS Brighton and Hove, the new name for Brighton and Hove City Teaching Primary Care Trust.

Julian Lee
*Chair**

Darren Grayson
Chief Executive

These past twelve months brought successes and achievements as well as their fair share of challenges.

You will find more detail in this report but we are pleased to record that we:

- increased our Healthcare Commission rating to **good** for our use of resources and **fair** for the quality of services that we commissioned;
- received a **performing well** rating from the Audit Commission; and
- were assessed as already being at **stage two** on seven of the ten World Class Commissioning competencies, with particular strengths in joint working with the city council and local leadership of the health agenda.

During the year we also published our five year commissioning strategy. It sets out very clearly our plans for improving health and health care for local people and our priorities for investment.

This report inevitably touches on our work with our many partner organisations in and beyond the city.

Within the NHS, the results of partnership working are perhaps most evident in the financial position of the local health economy. We worked with our local NHS providers, and supported them where necessary, to produce a level of financial stability that will help us all to weather difficult times ahead.

On a broader front our partnerships with primary care, Brighton and Hove City Council, the third sector, local businesses and others help us work towards a healthier city, and ensure that our plans meet the needs and aspirations of local people.

None of this would have been possible without the hard work of our staff. We owe them a very large measure of thanks.

Finally, thank you for your interest in our work. We hope you find this report interesting and informative, and look forward to your help in making Brighton and Hove a healthier city.

**Julian Lee chaired our organisation from August 2006 until 1 August 2009. He left NHS Brighton and Hove to become chair of Brighton and Sussex University Hospitals NHS Trust.*

Being the leading advocate for health and health care in the city

Primary care trusts have changed and grown significantly in the past two years and are now firmly at the heart of health and NHS health care in their communities.

We still do the things we have always done such as helping people to live healthily, managing primary care services, and organising high quality health care for when people are unwell.

Alongside this work is a stronger role as leader of, and advocate for, health and health care in every aspect of city life – from building design to travel and transport, from health at work to health in schools, from the very youngest in our society to the oldest.

Providing strong leadership to the local NHS, and developing effective relationships with organisations throughout Brighton and Hove, will help us to promote healthy living and a healthy city.

SOME HIGHLIGHTS FROM 2008/09

Planning the future of hospital services

We continued to work with Brighton and Sussex University Hospitals NHS Trust on its 3Ts (Teaching, Trauma and Tertiary care) programme to:

- expand the Sussex Cancer Centre;
- move Hurstwood Park regional centre for neurosciences from the Princess Royal Hospital, and expand it;
- create a new unit for patients with severe injury and trauma; and
- replace ageing wards and buildings at the Royal Sussex County Hospital.

We will continue to support our local hospital trust in its efforts to make this ambitious programme affordable and deliverable.

Shot in the arm for immunisation programme

Protecting children against preventable illnesses remains a high priority and we re-doubled our efforts to raise child immunisation rates in the city, which are below both national and regional averages.

We are particularly concerned about the MMR (Mumps, Measles and Rubella) vaccine. It protects against diseases that can cause serious illness, long-term health problems and even death, but take-up in Brighton and Hove is well below the levels needed to keep them at bay.

We achieved higher than usual vaccination rates last year thanks to a specialist MMR Health Visitor, the efforts of GP practices and interest in the subject from the local media. This was welcome news but we still have some way to go before we can be satisfied that the city's children are getting the level of protection they need and deserve.

Good for health, good for business

We sponsored the 2008 Healthiest Workplace Award to celebrate local employers who care about the health of their staff and business.

After much deliberation the judges picked the University of Sussex as the place that did most to promote the health and wellbeing of its staff. Lime Marketing Ltd and Nido Marketing Ltd were worthy runners-up.

We were delighted by the interest shown in the award, and will keep looking for new ways to work with businesses to make our city healthier.

Healthy City programme in European spotlight

An independent review published last summer described Brighton and Hove as 'a leading light' in the World Health Organisation Healthy City programme.

NHS Brighton and Hove has a major role in the local Healthy City Partnership, working alongside the City Council and other city organisations on topics such as housing, planning and transport – all of which have an impact of local people's health - as well as health care.

Our plans for 2009/10 include:

- **taking a leading role in developing the next stage of the Healthy City programme, explaining its value to the city, and engaging local people and organisations in its activities.**
- **reducing the high number of teenage pregnancies in our city. We have developed a new strategy and action plan with Brighton and Hove City Council and believe we can make a real difference on this important issue.**

Improving health and reducing health inequalities

Brighton and Hove, like many seaside cities, has a complex health profile. This reflects both contrasting economic fortunes – with areas of great prosperity alongside areas of significant deprivation – and the city's diversity.

This population profile shows high rates of HIV and sexually transmitted diseases, mental health issues (particularly alcohol and drug misuse), and teenage pregnancy.

Most preventable deaths are caused by chronic heart disease, cancer and respiratory disease, all of which are influenced by lifestyle and deprivation. Men in the most deprived areas can expect to live 7 years less than those in the least deprived areas; women can expect to live 4 years less.

Our aim is to deliver measurable improvements in the health of local people and reduce the 'health gap' between different local communities.

By the year 2013 we intend to:

- increase life expectancy for the most socially disadvantaged members of our community; and
- reduce the gap in life expectancy between the most deprived areas and the least deprived.

SOME HIGHLIGHTS FROM 2008/09

Healthy Choices on the menu

Eating out is one of life's great pleasures – especially in Brighton and Hove – but the pleasure dims if you can't be sure how healthy your meal really is.

That's why we joined forces in 2008/09 with Brighton and Hove City Council and the Brighton and Hove Food Partnership to launch the city's Healthy Choice Award.

The award makes it easy for customers to identify cafes and restaurants which offer healthy options, and should result in more food being prepared in a healthy and hygienic way.

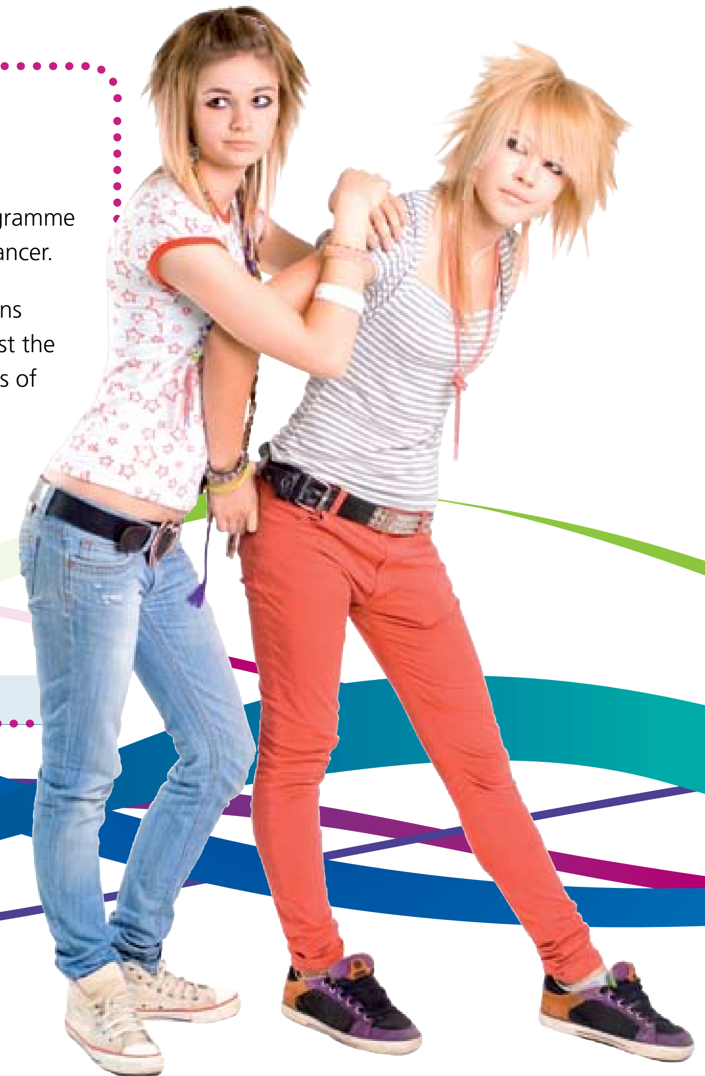
So far 16 local businesses have won Healthy Choice awards, including six Gold Awards. We're confident more will follow in 2009/10 as the Healthy Choice Award becomes a 'must see' sign for customers choosing where to eat across the city.

Pupils arm against cervical cancer

Last year saw the launch of an ambitious programme to immunise city schoolgirls against cervical cancer.

Three HPV (human papilloma virus) vaccinations given over six months will protect them against the two types of virus that cause 7 out of 10 cases of cervical cancer.

NHS Brighton and Hove, Brighton and Hove Children and Young People's Trust and the education service pulled out all the stops to offer the vaccine to every Year 8 schoolgirl. More than a thousand accepted the offer. The immunisation programme is continuing in 2009/10.



Reaching men at risk

Cardiovascular diseases such as heart disease and stroke are still a massive cause of death and ill health across our city.

We are responding with a major new programme of NHS health checks in workplaces and community venues to tackle this problem.

Specialist nurses were recruited in the latter part of the year to reach men over the age of 40 who are least likely to visit their GP and:

- help them to understand their risk of heart disease, stroke and related conditions such as diabetes and chronic kidney disease;
- advise them about healthy lifestyle choices that will reduce their risks; and
- refer them to GPs or other health services if they need extra help.

No buts – we're talking bottoms

It's one of those subjects that has been brushed under the carpet for years, but bowels and bowel habits are now firmly on the Brighton and Hove health agenda.

Thousands of local residents aged between 60 and 69 are being sent a bowel cancer screening invitation pack, including a simple testing kit that will show whether or not you need further investigations.

Bowel cancer is the UK's third commonest cancer and second leading cause of cancer deaths. Around 8 out of 10 cases are in people aged over 60.

Each year around 125 local residents are diagnosed with bowel cancer but 90 per cent of cases can be treated successfully if identified early.

Our plans for 2009/10 include:

- **Improving children's health, for example through free swimming, more cookery training, more exercise in children's centres, and increasing MMR vaccination take-up.**

- **More action to reduce alcohol-related hospital admissions, vascular disease and skin cancers.**

Increasing service quality and choice

Local patients rightly want a choice of high quality NHS services available to them.

We aim to respond to that wish by:

- commissioning high quality, evidence-based services on their behalf;
- using patients' experiences to help us improve the quality of services; and
- offering people a choice of providers where we can.

We are also working hard to locate services as close to people's homes as we can.

Many services are now offered by primary or community care staff instead of only being available in hospital. In other cases, hospital staff are moving to new bases in local communities to make services more accessible.

We intend to intensify this shift of services from acute hospitals to primary and community care settings in 2009/10.

SOME HIGHLIGHTS FROM 2008/09

Training scheme champions infection control

Brighton and Hove's first all-embracing infection control training programme for community-based staff was launched last year.

Eighty nursing 'champions' from GP surgeries, nursing homes, community nursing services and nursing agencies were trained in preventing healthcare-associated infections, hand hygiene, environmental cleaning, dealing with clinical waste, and managing infectious diseases such as norovirus.

It is part of a drive by NHS Brighton and Hove and the Surrey & Sussex office of the Health Protection Agency to ensure that community health staff apply the same stringent precautions as those working in hospitals.

Laser service shines

Cataract surgery patients who need further treatment because their vision has turned cloudy now get a much faster service.

Since autumn 2008 patients such Jonathan Brooks (seen here with Dr Lulu George) are referred straight to Sussex Eye Hospital, where doctors use a specialist laser to clear their cloudy lens capsule.

A four-year project has dramatically speeded up virtually every aspect of treatment for people with cataracts.

These new arrangements have proved extremely popular. Eight out of ten patients say their care and treatment is excellent, and nine out of ten are very happy with their vision after surgery. The changes have also saved tens of thousands of pounds that we have ploughed back into other health services.

By appointment – our smoother booking service

Booking a hospital appointment is easier than ever before thanks to Briony Jefferies and her colleagues.

Briony is a member of the Brighton and Hove appointment and choice team which smooths the path from GP referral to hospital outpatient appointment.

The team is part of Brighton and Hove Integrated Care Service (BICS), a not-for-profit organisation launched by city GPs in 2008 with backing from NHS Brighton and Hove.

BICS doctors use their expert knowledge to confirm that hospital referrals from local GPs are going to the best place or person for that patient's needs, and that all the necessary tests and paperwork have been completed.

Once that is done, patients are phoned to discuss where and when they would prefer to be treated.

"BICS is a significant step forward in developing individually-tailored health services that give local people fast, convenient access to high-quality care."

Darren Grayson
Chief Executive - NHS Brighton and Hove

UK first for Brighton breast care

Brighton and Hove breast care patients are the first in the UK to have the latest mammography equipment and all their outpatient services under one roof.

The city's new breast care unit opened in November 2008 at The Park Centre, a light, modern building overlooking Preston Park.

It features some of the most advanced screening and testing equipment in the country, and is also equipped with the latest digital imaging technology so that breast scans can be sent electronically for review by consultants.

NHS Brighton and Hove worked closely with Brighton and Sussex University Hospitals NHS Trust to move breast care outpatient services from the Royal Sussex County Hospital into their new home.

Singing out the sweet sound of success

Our innovative Breatheasy singing group for people with breathing problems has struck such a chord that we doubled its capacity last year.

"The combination of singing, breathing and voice exercises improves lung function, breathing technique, posture and well-being – and it's also great fun," says voice coach and music therapist Udita Everett, who runs both weekly groups.

We asked Udita to establish a second Breatheasy group after receiving many positive comments from members of the original group, believed to the first of its kind in the country.

Our plans for 2009/10 include:

- Improving community diabetes, stroke and psychological therapy services and launching a 'roving GP' service for patients who require urgent daytime home visits.
- A new health centre in central Brighton, open from 8am to 8pm every day. The contract to provide and manage the centre, which was scheduled to open in July 2009, was awarded to Care UK.

Increasing confidence in, and engagement with, the NHS

We work with community and voluntary groups, support the Xchange Citizens' Panel, run a Health Users Bank of people who help us with specific projects, and fund a number of organisations which help us gather and understand the opinions and concerns of particular communities.

We also consult formally on proposals for changes to local services, and work hard to communicate with city residents through publications, the internet, the local media, meetings, campaigns and the like.

We know there is more to do, though, before people are confident that NHS services properly reflect their wishes and needs, and that their opinions and suggestions can affect our plans and decisions.

That is why we're determined to continue our efforts to extend public confidence in local health services; give people a stronger voice in the NHS; and attract and keep the very best staff.

SOME HIGHLIGHTS FROM 2008/09

Giving new parents a stronger voice

Seventy four people were interviewed during Spring 2008 to help us understand what parents-to-be want from local maternity services.

Many were from groups that had rarely been heard in previous consultations including teenagers, young fathers, and new parents from the city's black and minority ethnic communities.

As well as a series of recommendations arising from these in-depth interviews, our maternity consultation also yielded a frank and moving DVD of new parents talking about their experiences that we have used to stimulate further discussion within and outside the NHS.

The end result of all this work will be a new strategy for community and hospital maternity services due for publication in autumn 2009.

Patients bring understanding

Translating NHS policy on 18 week waiting time targets into everyday language was never going to be easy – so who better to help us do it well than local patients who know what it's like to go through the NHS system?

We enlisted a dozen patients to help us understand how the journey from GP referral to hospital appointment works in practice.

They developed a simple information card for patients, talked to GPs and hospital booking clerks about how to make things better for patients (resulting in changes to the booking process at our local hospital trust) and visited community groups to talk to people about their right to choose the hospital where they have their treatment.

In short, they were brilliant!

Thumbs-up from our staff

Staff employed by NHS Brighton and Hove have given us their ultimate vote of confidence.

In a 2008 national staff survey 65 per cent said they would recommend us to friends as a place to work – well up on the national average.

Our staff also:

- praised our organisation for giving staff a good work/life balance;
- get significantly better support from their managers than the average; and
- are more likely to say they work in a well-organised team, receive properly structured appraisals, and have a personal development plan.

Commissioning engagement...

Hundreds of local people gave us a hand in 2008 with our new, five year commissioning strategy.

It is one of our key documents - outlining our vision, the background to health in Brighton and Hove, our goals and priorities, and how our organisation needs to change.

We didn't want to develop it on our own and made sure that the themes being considered were discussed with local groups as part of our regular engagement activities.

We also arranged two separate events to flesh out the detail. The first, in July 2008, saw us gather and discuss ideas with around 240 people including service users, voluntary groups, the City Council, NHS providers, GPs, and representatives from private and independent health care organisations.

The results were refined at a second large meeting in September, and our strategic commissioning plan was published in October 2008. It is available on the NHS Brighton and Hove website (www.brightonandhove.nhs.uk).

Naomi checks nursing home quality

Choosing the right nursing home for you or a member of your family is about to become easier thanks to a project organised by NHS Brighton and Hove and Brighton and Hove City Council.

Our two organisations jointly employed experienced nurse Naomi Cornford to assess the quality of clinical care being given in nursing homes across the city.

Her findings are being published by the City Council in a new Preferred Provider List that will show Naomi's clinical rating for each home alongside the rating it received from the Commission for Social Care Inspection.

As far as we know, this is the first such quality care review in England and will help local people make informed choices about their or a relative's long term care.

Our plans for 2009/10 include:

- **Involving local people in re-designing musculo-skeletal services, urology, the adult hearing aid service, restorative dentistry and fertility services**
- **seeking patient and public views about maternity services, services for older people, and moving more services into the community.**

City's urgent and unplanned care services among best in country

NHS Brighton and Hove was pronounced the South East's best performing primary care trust in 2008 for patients receiving a swift response from their out-of-hours GP service.

We were also rated as the top performing primary care trust for the number of patients seen by a healthcare professional within an hour of attending an accident and emergency department or urgent care centre.

The results were published in September 2008 by the Healthcare Commission. They reflect the tremendous hard work of our staff and the many people delivering the services concerned – particularly GPs, South East Coast Ambulance Service, Royal Sussex County Hospital and South East Health Ltd.

Managing resources effectively

We set out to deliver a sustainable financial position for NHS Brighton and Hove; help the rest of the local health economy do the same; and demonstrate value for money and effective stewardship of public funds.

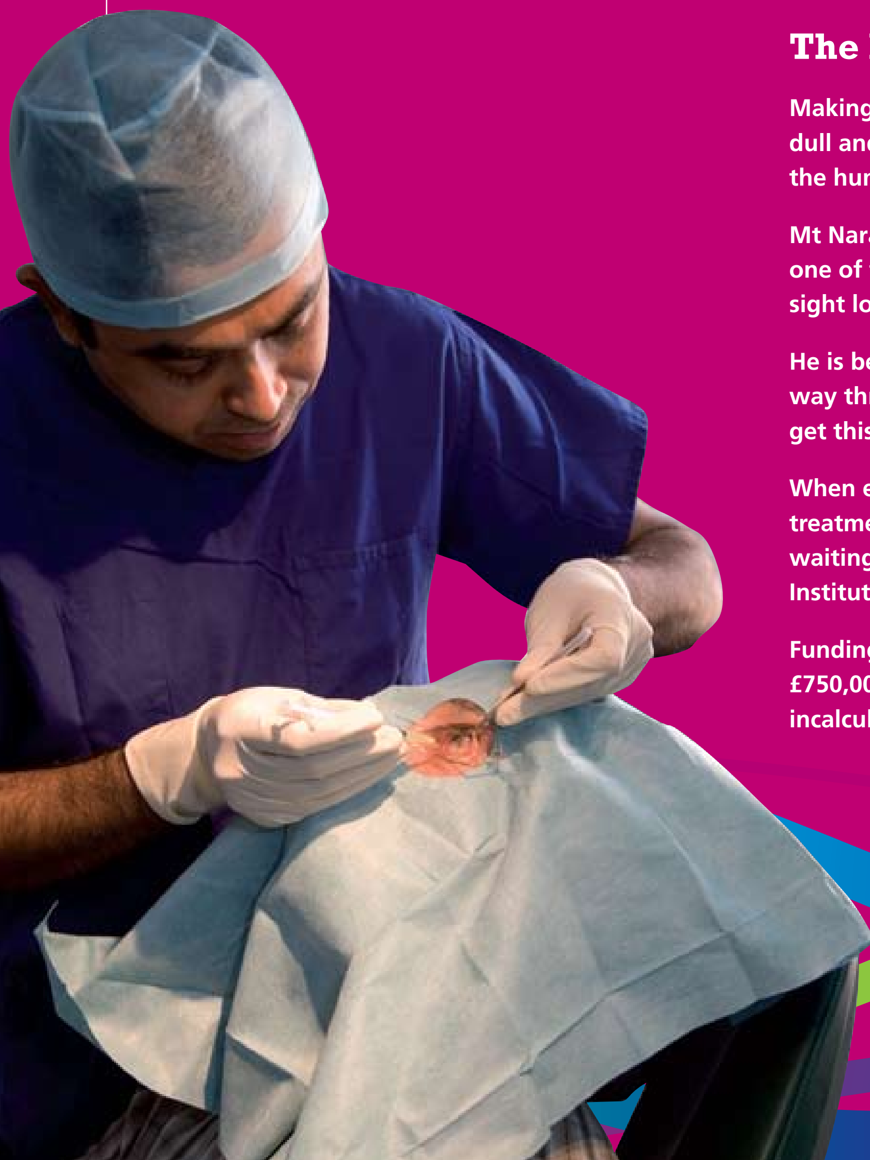
The financial support and leadership we give to local NHS providers helps them maintain sound finances whilst also improving services.

We are pleased to report that our work in 2008/09 resulted in:

- NHS Brighton and Hove making a small surplus;
- South Downs Health NHS Trust breaking even; and
- Brighton and Sussex University Hospitals NHS Trust making a surplus which has enabled it to repay some of its debts from previous years.

More details of our financial performance are in the Operating & Financial Review and Summary Financial Statements later in this report.

SOME HIGHLIGHTS FROM 2008/09



The human face of NHS funding

Making decisions about NHS funding priorities may sound dull and dusty– but local patient Mr Aman Narang shows the human face of the kind of issues we have to resolve.

Mt Narang has wet age-related macular degeneration – one of the commonest eye diseases and a major cause of sight loss.

He is being treated with Lucentis, but it wasn't until mid-way through 2008/09 that patients like Mr Narang could get this drug straight away.

When evidence emerged to show the benefits of early treatment with Lucentis, we agreed to fund it without waiting for a firm recommendation from the National Institute for Health and Clinical Excellence (NICE).

Funding treatment with Lucentis will cost us an estimated £750,000 a year – but the benefit to the people affected is incalculable.

Praise for city GPs and surgery staff

Local people delivered a ringing endorsement of city GPs and their staff in the 2008 Healthcare Commission survey of primary care services.

Nine out of ten people said they are happy with the time they wait to see a Brighton and Hove GP, are treated with dignity and respect, and are listened to carefully by their doctor.

Almost as many said they are given enough time to discuss their care and have their questions answered, can book appointments more than three days in advance, and are dealt with courteously by practice receptionists.

The survey identified some changes people would like such as longer surgery opening hours. We are already addressing these issues and 7 out of 10 surgeries now offer extended opening hours.

Tender approach to out-of-hours care

Out-of-hours district nursing services for Brighton and Hove are now provided by South East Health Ltd, the not-for-profit organisation which also manages out-of-hours primary and unscheduled care services for the city.

South East Health Ltd won the three-year contract last year after a competitive tendering exercise.

Close collaboration between South East Health's out-of-hours district nursing service and out-of-hours GP service helps to make sure that patients receive the most appropriate out-of-hours care for their needs.

Auditors praise improvement

Our most recent assessment by the Audit Commission concluded that NHS Brighton and Hove is delivering better value for money than ever.

The Audit Commission rated us as performing well, up from adequate the year before. Our year-on-year score had improved in relation to financial management, financial standing and value for money, and been maintained at its previous level for financial reporting and internal control.

"… has demonstrated consistently good management of its finances within a difficult local health economy, has a history of meeting its financial targets and has no underlying deficit."

Extract from Annual Audit Letter, October 2008

Our plans for 2009/10 include:

- **Supporting the new NHS carbon reduction strategy. Local plans will cover everything from sustainability clauses in contracts to day-to-day recycling and energy saving in our offices.**
- **A performance management framework for primary care that will enable us to assess practice performance and the quality of care being provided, and support practices in developing improvement plans.**

NHS BRIGHTON AND HOVE OPERATING AND FINANCIAL REVIEW 2008/09

Introduction

This operating and financial review provides information about how we operated in 2008/09 as well as our plans for 2009/10. It includes information on how our organisation is governed, how we measure and evaluate performance, and our financial plans for the coming year. It also includes a number of statutory disclosures.

You can find more information about our future plans in our strategic commissioning plan and annual operating plan. Both are available through our website (www.brightonandhove.nhs.uk).

NHS Brighton and Hove

NHS Brighton and Hove is the working name of Brighton and Hove City Teaching Primary Care Trust (PCT).

We commission health services for the residents of Brighton and Hove including public health and health promotion, primary care, secondary, acute and specialist care, continuing and palliative care, and mental health services. We do not provide any services directly.

We are funded by the Department of Health via NHS South East Coast strategic health authority (SHA). The SHA sets out the broad framework within which we operate; other priorities and targets are agreed through consultation with local residents, both directly and through partnerships with Brighton and Hove City Council and other statutory and voluntary groups. In the past year, we have created a new quality and engagement directorate to ensure the involvement of patients, carers and other stakeholders in everything we do.

Governance

The Board

The Primary Care Trust is a statutory body in its own right with a Board comprising a chair, six non-executive directors and six executive directors. Details of Board members appear in the remuneration report (see pages 20-22).

The Board Business Manager holds the details of directorships or other significant interests held by Board directors in companies likely to, or seeking to, do business with the NHS. The declarations of interests for 2008/09 are available on request.

The Board sets the strategic and operational direction for the organisation, and oversees corporate and clinical governance (its arrangements for taking decisions and ensuring those decisions are open to challenge and scrutiny).

It is answerable to the Secretary of State for Health via NHS South East Coast strategic health authority. It meets six times a year. Board meetings are open to the public, who are invited to raise questions, and are advertised in advance. Board papers are available in advance via our website and from our Board business manager.

The Professional Executive Committee

The Professional Executive Committee (PEC) brings together local primary care practitioners and senior managers to give clinical direction to the organisation and make recommendations to the Board about the future of health and healthcare in Brighton and Hove. The PEC meets monthly and all members have voting rights. Outside formal PEC meetings, its clinical members ensure there is appropriate clinical input into, and scrutiny of, our plans.

Key Governance Committees

The Board is supported by a number of committees to ensure appropriate scrutiny of key issues. Their membership is drawn mainly from non-executive directors who have a key role in scrutinising and challenging the executive team. The two committees which support our governance structure are the Integrated Governance Committee and the Audit Committee.

The Integrated Governance Committee has delegated authority to ensure the organisation has proper processes across the broad spectrum of clinical and corporate governance (e.g. it considers how the organisation gains assurance about the quality of services it has commissioned, or how serious untoward incidents are addressed).

The Audit Committee examines the system of internal controls across the organisation and can hold executive directors and officers to account. Our internal and external auditors, and the local counter-fraud specialists, report to it.

Our performance

The Board assesses performance against more than 50 targets and standards including those set by the Department of Health, those agreed locally with stakeholders and partners, and those which the Board sets for itself in relation to securing the best health outcomes for local people.

The Board receives detailed performance information against key targets at each of its formal meetings and considers what further action, if any, is required.

Our financial performance

The past year

Net operating expenditure significantly increased to just over £430 million in the year. The organisation met its statutory financial targets, ending the year with a small surplus and ensuring that capital and revenue spending stayed within the limits set by the Department of Health.

Challenges ahead

NHS Brighton and Hove has significantly increased investment in health and social care in recent years, and expects this to continue for 2009/10. However, the financial environment is very challenging – locally and across the South East Coast region – and demand for primary, acute and specialist services is increasing.

Our partners

We commission services from a range of healthcare providers including South Downs Health NHS Trust, Brighton and Sussex University Hospitals NHS Trust, Brighton and Hove Children and Young People's Trust, Sussex Partnership NHS Foundation Trust as well as local GPs, pharmacists, dentists, community and voluntary organisations and the city council.

We fund a range of community organisations which provide front line services in areas such as mental health, specialist learning disability services and substance misuse. We also fund services which support the voluntary sector or communities of interest – e.g. Brighton and Hove Volunteer Bureau, and the lesbian, gay, bi-sexual and transgender community - in order to better meet their particular health needs.

Protecting our environment

We aim to be environmentally responsible and meet legal requirements by:

- striving to prevent pollution, reduce waste and conserve resources;
- communicating our environmental policy to all staff, contractors, tenants and suppliers, and asking for their commitment to making the policy effective;
- ensuring that staff, contractors, tenants and suppliers understand the environmental consequences of their actions;
- identifying the environmental impact of our business practices and working to lessen it;
- taking responsibility for minimising our impact on our neighbours;
- building environmental considerations into our decision making processes; and
- measuring progress against environment-related objectives and targets, and demonstrating continual improvement.

Additional statutory disclosures

Emergency preparedness

We have a Major Incident Plan that complies with the NHS Emergency Planning Guidance 2005, and all associated guidance and revisions.

Better payment practice code

All NHS bodies are expected to pay 95% of bills within contract terms (or 30 days where no terms have been agreed). Full details of compliance with the code are given in section 6 of the Summary Financial Statements.

Audit

Our external auditor is the Audit Commission. We paid audit fees of £240,000 in the year, all of it for statutory audit work. Any non-statutory audit work would be considered by the Audit Committee before it was commissioned.

Pension liabilities

The remuneration report (page 20-22) explains how pension liabilities are treated.

Equality schemes

Our race, disability and gender equality schemes are on our website (www.brightonandhove.nhs.uk). They will be brought together into a single equality scheme during 2009/10.

Principles for remedy

The Parliamentary and Health Service Ombudsman has published two documents *(Principles of Good Administration* and *Principles for Remedy)* about how public bodies should remedy injustice or hardship resulting from poor administration or poor service (see www.ombudsman.org.uk). The Treasury has also issued guidance on this topic (see the *Managing Public Money* section at www.hm-treasury.gov.uk for more details.)

International Financial Reporting Standards (IFRS)

NHS bodies will move to international financial reporting standards in 2009/10. Our finance team and other relevant staff have been trained in IFRS and we take an active part in the local IFRS readiness group. Our financial plans for 2009/10 onwards reflect the implications of IFRS.

Sickness Absence

We monitor sickness absence and benchmark ourselves against comparable bodies (although our small size means that percentage averages may not always provide meaningful data). Our average rate of sickness absence was around 4% per month.

BRIGHTON & HOVE ANNUAL REPORT 2008/09

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE PRIMARY CARE TRUST

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the primary care trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Department of Health. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the authority;
- the expenditure and income of the authority has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the net operating cost, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signed:
Date: 25 August 2009

Darren Grayson
Chief Executive

BRIGHTON & HOVE ANNUAL REPORT 2008/09

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the organisation and the net operating cost, recognised gains and losses and cash flows for the year.

In preparing these accounts, Directors are required to:

i. apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

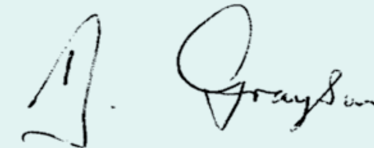
ii. make judgements and estimates which are reasonable and prudent;

iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the health authority and hence for taking reasonable steps for the prevention of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the financial statements.

By order of the board.



Signed:
Date: 25 August 2009

Darren Grayson
Chief Executive

Signed:
Date: 25 August 2009

Michael Schofield
Director of Finance

STATEMENT ON INTERNAL CONTROL 2008/09

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I am responsible for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have personal responsibility for safeguarding the public funds and organisation's assets as set out in the Accountable Officer Memorandum.

I am held accountable for these responsibilities by the Chair of the PCT and the full PCT Board. I and my fellow board members have completed a statement of compliance with the Trust's code of accountability to ensure that we meet the standards of probity, openness and accountability required by the public and our partner organisations. All board members are aware of the scope of their responsibilities and how these align to my responsibilities as Accountable Officer.

The PCT works closely with NHS South East Coast strategic health authority (SHA) which has a key role in supporting improvements in our performance. The SHA has also supported the PCT Board in developing the structures and capability to meet our internal control requirements. The PCT and SHA hold regular, formal performance management meetings attended by senior members of both organisations. I and my Board colleagues work closely with our counterparts at the SHA and regularly attend SHA-led forums such as the Chief Executive and Finance Directors' meetings (which are also important opportunities to liaise with partner NHS organisations). The PCT and SHA Chairs meet regularly to discuss performance issues.

The PCT works in partnership with many organisations including other NHS bodies, local authorities, and voluntary and statutory agencies. The PCT aims to secure joint working through a number of joint appointments with Brighton and Hove City Council (including the Director of Public Health) and through membership of key committees such as the Joint Commissioning Board and the Health and Social Care Programme Board. It has also set up a local Delivery Board through which the PCT and local NHS providers take joint responsibility for delivering key objectives and working together to improve healthcare, reduce health inequalities and secure value for money.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, not to eliminate all risk of failure to achieve policies, aims and objectives, and therefore provides a reasonable but not absolute assurance of effectiveness. It is based on processes designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- evaluate the likelihood of those risks being realised, assess the impact they would have, and manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

Leadership in the Risk Management Process

I have worked closely with the PCT Board to ensure that risk management is a key element of PCT operations and is embedded in day-to-day working practices. In particular I have nominated the Director of Assurance and Development to have direct responsibility for risk management and have made resources available to appoint a permanent risk manager. Each Board meeting also considers the latest version of the Assurance Framework and the Risk Register.

The Integrated Governance Committee (IGC) is chaired by the Chair of the PCT, includes Executive and Non-Executive members, and reports directly to the Board. It develops the risk management policy and assurance map, identifies gaps in controls and assurances, approves action plans to address the key risks, and monitors progress against the plans.

The IGC meets quarterly to review the Assurance Framework and evaluate new and existing risks developed from the corporate risk register. The IGC also challenges individual Directors on their Directorate Risk Registers to ensure that risk management is embedded across the organisation. Internal Audit and the Audit Committee also scrutinise the risk management processes, and risk management audit days are included in the annual internal audit plan to ensure compliance with best practice.

Support for PCT Staff

PCT staff and Board members received appropriate risk management training in 2008/09. Internal and external risk management seminars were held regularly to ensure key individuals (up to and including Board level) are up to date about risk management processes. We continued to hold staff seminars and mandatory training on developing the risk register (included risk diagnosis and evaluation) to ensure staff have the required knowledge and share best practice.

Key risk management documents are available to all staff through the PCT intranet and the risk manager attends Directorate meetings to review risk management and provide support to staff. I have also secured additional external support and training for the PCT risk manager.

4. The risk and control framework

Risk Management Strategy

The PCT has a strategy in place to minimise harmful effects or risks to the organisation including loss of service quality, loss of a safe environment for staff, financial loss or loss of reputation. This strategy was reviewed in 2009 and will be reviewed annually.

This strategy classifies potential risks into three broad categories (clinical risk, non-clinical risk and financial risk) and is intended to ensure that the organisation:

- identifies actual and potential risks;
- assesses and prioritises risks;
- avoids and prevents risks where feasible; and
- reduces other risks to an acceptable level.

Risk assessment is a fundamental component of risk management and control. The PCT has adopted the following risk assessment system:

- identify what, why, and how things can arise as the basis for further analysis.
- determine existing controls and analyse risks in terms of impact and likelihood.
- assess and evaluate risks using a risk rating system.
- develop and implement a management plan (including any funding required) for all risks other than those considered acceptable or tolerable
- monitor and review the risk management system through the Integrated Governance Committee, Audit Committee and Board.
- communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process.

Strengthened Committee Structure

The Board is responsible for the PCT's system of internal control, including risk management, and has established the Integrated Governance and Audit Committees to discharge this responsibility. The Board requires appropriate policies on risk management and internal controls to be in place, and to receive regular assurances on whether the system is functioning properly.

The Integrated Governance Committee is a sub committee of the Board and monitors the management of risks by reviewing and monitoring action plans developed for risks identified in the risk register.

The Audit Committee is a sub committee of the Board. It provides an objective view on internal control that is independent of executive and line management; provides verification to the Board on internal financial controls based on reports from internal and external auditors; and routinely monitors the action needed to achieve controls assurance standards.

As there are strong links between the work of the Integrated Governance and Audit Committees, the Director of Finance and relevant Non Executive Directors are members of both and the minutes of the Integrated Governance Committee are routinely available to the Audit Committee.

Clear Executive Responsibilities

The **Chief Executive** is the accountable officer for risk management within the PCT and is responsible for the systems of internal control, for implementing policies for adhering to guidance on governance issues from the Department of Health, and for implementing relevant policies agreed by the Board. He is also responsible for providing a statement of internal control to be signed off and included in the PCT's annual report.

The **Director of Finance** attends all Audit Committee meetings and is also a member of the Integrated Governance Committee. He is responsible for ensuring that there are effective systems for financial risk management and for complying relevant core standards.

The **Director of Assurance and Development** has delegated lead executive responsibility for risk management and is a member of the Integrated Governance Committee. She is responsible for ensuring that there are effective systems for risk management and complying with relevant core standards, and leads on health and safety of staff, patients and visitors using PCT facilities.

The **Director of Public Health** has delegated lead executive responsibility for managing the strategic development of clinical risk management and clinical governance.

Several other posts in the PCT are key to risk management.

BRIGHTON & HOVE ANNUAL REPORT 2008/09

Risk Manager – this role is responsible for highlighting and presenting information on quality, audit, complaints, accidents, and critical incidents, and for analysing trends of which the Integrated Governance Committee should be aware. She is responsible for establishing incident reporting systems in primary care; liaising with local stakeholders to identify areas of mutual interest or concern; raising staff awareness of risk management (including development of a clinical governance network in primary care); and maintaining and developing the risk register.

Caldicott Guardian – this is part of the job description for the Consultant in Public Health and ensures that PCT and primary care staff follow the Caldicott principles for managing information.

Ensuring risk management is embedded throughout the PCT

Directorates and teams are charged with developing local risk management registers that identify risks to their own priorities and objectives. These feed into the corporate risk register that is managed by the Integrated Governance Committee.

This management and organisational structure - in conjunction with systems for risk management, objective setting and performance monitoring - allows the PCT to manage risk and improve the quality of the services it delivers. Risk management also takes place through the recording and assessment of all adverse incidents via the incident log.

The Integrated Governance committee meets bi-monthly to review progress on action plans from the risk register, consider any concerns that may affect the PCT's ability to achieve its objectives, and ensure these are appropriately fed into the risk reporting mechanism.

Elements of the Assurance Framework and how this provides the evidence to support the Statement of Internal Control.

The PCT assures itself that work is completed competently and reviewed effectively though a corporate governance assurance framework that includes standing financial instructions, standing orders, a scheme of delegation, a counter fraud policy, the register of interests, core standards compliance, non executive directors, the Audit Committee, internal and external audit scrutiny, the Integrated Governance Committee & the Remuneration Committee.

Information on any control failures is fed through the assurance framework to the Board. Common membership of different groups and committees allows governance overlap so that issues that come to light are brought to the attention of all relevant parts of the assurance framework.

Key elements of the way public stakeholders are involved in managing risks which impact on them

The PCT is committed to involving the local community in shaping services and ensuring the PCT's priorities reflect the identified needs of the population. There is close contact at managerial level with patient forums, voluntary groups, community organisations, public and private health care providers and local government. The PCT set up a new directorate in 2007 to support stakeholder involvement in the work of the organisation.

Compliance with the Core Standards for Better Health

The PCT is fully compliant with the Core Standards for Better Health.

Compliance with NHS Pension Scheme Regulations

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure the PCT complies with all employer obligations within Scheme regulations. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales in the Regulations.

Information Governance

The PCT has implemented the required controls as documented in the Information Governance policies and Risk Management plans to ensure robust management and accountability for Information Governance and management of risks. The PCT has a documented risk management plan that appropriately and effectively controls and mitigates identified information security risks, and has implemented information incident reporting and management procedures (including escalation procedures for Serious Untoward Incidents).

Compliance with relevant legislation

Control measures are in place to ensure that the organisation meets its obligations under equality, diversity and human rights legislation.

5. Review of effectiveness

My Review

As Accountable Officer I am responsible for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Directors and senior managers who are responsible for developing and maintaining the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the organisation has reviewed the effectiveness of controls for managing the risks to the PCT achieving its main objectives. My review is also informed through the core standards self assessment declaration, and through review of external and internal audit reports.

I have reported the results of my review of the effectiveness of the system of internal control to, and discussed its implications with, the Board, Audit Committee and Integrated Governance Committee. I am satisfied that, where necessary, appropriate plans are in place to address weaknesses and ensure continuous improvement of the system of internal control.

Organisational Work to Maintain the System of Internal Control

The Board considers reports from its Audit, Remuneration and Integrated Governance Committees. It must give special consideration to any activity that would otherwise constitute a breach of the standing orders of the Trust.

The Audit Committee receives and considers all internal & external audit reports, and reports from the Local Counter-fraud Specialist. It reviews governance issues such as waivers to standing orders authorised by the chief executive, and approves the annual accounts (including the statement of internal control) before they are signed by the chief executive.

Directors and senior managers are responsible for delivering the PCT's objectives and managing risks that would prevent their being achieved. Internal Audit reviews PCT management and performance to ensure it discharges its responsibilities in an efficient, safe and effective way. Other review and assurance mechanisms include the process for preparing the PCT submission relating to the Healthcare Commission Standards for Better Health, and meetings of the SHA/PCT performance review board.

The Head of Internal Audit's 'Opinion on the Effectiveness of Internal Control at the PCT for the year ending 31 March 2009' highlighted a number of areas where 'limited' assurance had to be given, but concluded that 'significant' assurance was appropriate overall and noted a continued improvement in key controls. This is an improvement on last year and reflects the continued efforts of PCT staff to address identified control weaknesses.

The Assurance Framework offers opportunities to put in place action plans to address identified gaps in assurance. I have reviewed the Assurance Framework and do not consider that the identified gaps are of such significance as require disclosure in this Statement. I have also reviewed the PCT Declaration on Core Standards.

6. Significant Control Issues

The PCT is required to report all serious untoward incidents in the financial year that involved personal or patient data.

One incident of this type took place in May 2008. Personal information was inadvertently disclosed about a number of primary care practitioners when Part B Board papers were loaded onto the PCT website in error. Between 100 and 200 people were potentially affected although the information was removed quickly and was not accessed.

The organisation carried out a full review of processes and has put in place appropriate controls for uploading information to the website.

Signed:
Date: 25 August 2009

Darren Grayson
Chief Executive

REMUNERATION REPORT 2008/09

Rewarding Directors and Senior Managers

The PCT sets reward packages for Directors and senior managers based on national guidance, and taking into account local market circumstances as appropriate. The PCT is mindful of the use of public funds in the remuneration of senior managers and has clear processes of performance management, led by the Chair and the Chief Executive, in place to ensure value for money. HM Treasury has issued clear guidance on severance packages for the public sector and the PCT can confirm that no severance packages for Executive or Non-Executive Directors were agreed or required in the past year.

Executive Directors' Salary and Benefits

The salaries and terms and conditions of the Executive Directors of the PCT are determined by the PCT Remuneration Committee, which was chaired in 2008/09 by PCT Chair Julian Lee. The Remuneration Committee has as voting members the following Non-Executive Directors:

- **John Dearlove**
- **Janice Robinson**
- **George Mack (Chair, Audit Committee)**
- **Denise Stokoe**
- **Louise Hulton**
- **Jim May**

The Department of Health has in place a 'Pay Framework for Very Senior Managers in Strategic Health Authorities, Special Health Authorities, Primary Care Trusts, and Ambulance Trusts,' and mandates levels of annual increase, as well as levels of other compensation. The PCT has been compliant with the guidance in this pay framework. Remuneration for all Executive Directors followed the pattern of national NHS pay awards and is expected to continue to do so in future years.

During the year, Executive Directors received a bonus of 3% of base salary, based on a review by the Chief Executive of their performance against their objectives. Performance was satisfactory in all cases. Details of salaries and pension increases for each of the serving Executive Directors are set out in the table overleaf. Executive Directors are appointed on permanent contracts with a six month notice period and termination payments clauses that follow national guidance.

During the year, the Chief Executive and Chair, with the approval of the remuneration committee, agreed a change to Executive Directors' terms and conditions. All Executive Directors now have formal executive accountability to the Chief Executive for elements of delivery of the PCT Annual Operational Plan, over and above their existing responsibilities. Each Director received an additional responsibility allowance for this role of 5% of salary.

Table 1: Salary and Pension Benefits – Executive Directors

Name and Title	2008/09 Salary (Bands of 1000) £ 000	2007/08 Related Salary (Bands of 1000) £ 000
Darren Grayson (Chief Executive)	130-135	120-125
Thomas Scanlon (Director of Public Health)	115-120	110-115
Michael Schofield (Director of Finance)	95-100	85-90
Teresa Needle (Director of Assurance and Development)	85-90	75-80
Amanda Fadero (Director of Strategy)	85-90	50-55
Claire Quigley (Director of Delivery)	95-100	35-40

BRIGHTON & HOVE ANNUAL REPORT 2008/09

Pension Benefits

Name and Title	Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31 March 2009	Lump sum at age 60 related to accrued pension at age 60 at 31st March 2009	Cash equivalent transfer value at 31st March 2009	Cash equivalent transfer value at 31st March 2008	Real increase in cash equivalent transfer value
Darren Grayson (Chief Executive)	2,839	8,516	32,440	97,319	483,982	344,775	91,411
Thomas Scanlon (Director of Public Health	2,820	8,459	32,584	97,751	587,490	413,024	114,898
Michael Schofield (Director of Finance)	2,925	8,776	30,288	90,863	718,556	468,631	166,747
Teresa Needle (Director of Assurance and Development)	2,273	6,820	19,287	57,861	381,204	260,121	80,206
Amanda Fadero (Director of Strategy)	3,247	9,742	28,774	86,321	509,668	351,313	104,701
Claire Quigley (Director of Delivery)	3,228	9,685	20,325	60,976	321,878	210,983	73,934

With the exception of Darren Grayson, no Executive Directors received benefits in kind or other remuneration. Darren Grayson received additional benefits in kind of £1.5k in relation to a lease car made available to him during the year, after paying private contributions. No Executive Directors waived remuneration in the financial year.

Salary and Benefits – Non-Executive Members of the Board

The PCT has Non-Executive Directors, appointed by the Appointments Commission, and in accordance with the principles of corporate governance to provide scrutiny and advice to the PCT Board. These Non-Executive Directors are appointed by the Appointments Commission on nationally defined fixed term contracts. During the year, the terms of three Non-Executive Directors (Janice Robinson, Louise Hulton and Jim May) expired. They were re-appointed to the Trust Board until September 2012 by the NHS Appointments Commission. George Mack is the Chair of the Audit Committee, and Jim May is the Chair of the Procurement Governance Committee.

Table 2: Salary and Pension Benefits – Non-Executive Directors

Name and Title	2008/09 Salary (Bands of 1000) £ 000	2007/08 Related Salary (Bands of 1000) £ 000
Julian Lee (Chairman)	30-35	30-35
John Dearlove (Non Executive Director)	5-10	5-10
Janice Robinson (Non Executive Director)	5-10	5-10
George Mack (Non Executive Director)	10-15	10-15
Louise Hulton (Non Executive Director)	5-10	5-10
James May (Non Executive Director)	5-10	5-10
Ann Stokoe (Non Executive Director)	5-10	5-10

As non-executive directors do not receive pensionable remuneration, there are no entries in respect of pensions for non-executive directors.

Salary and Benefits – Members of the Clinical Executive

The PCT has a Professional Executive Committee, which consists of members of the PCT Board and members of the PCT Clinical Executive. These are local and specialist practitioners who bring a clinical perspective to the work of the PCT. In 2007/2008, alongside the wider PCT restructure and in accordance with a national change in approach, the extant Clinical Executive members resigned and a new, more streamlined Clinical Executive was set up. Clinical Executives are appointed on fixed term contracts in accordance with national guidance. In January 2009, Peter Devlin resigned from formal membership of the Clinical Executive, although he is retained on a per diem consultancy contract to provide services to the Chair of the PEC, Lisa Argent.

Name and Title	2008/09 Salary (Bands of 1000) £ 000	2007/08 Related Salary (Bands of 1000) £ 000
Lisa Argent (PEC Chair)	80-85	70-75
Victoria Macken (PEC Vice Chair)	25-30	25-30
Dominic Osman-Allu (PEC Member)	25-30	20-25
Eileen Streeter (PEC Member)	25-30	15-20
Peter Devlin (PEC Member)	40-45	30-35

Self-employed GPs who are members of the Professional Executive Committee (PEC) have pension entitlements. However, the proportion of those entitlements that relates to their membership of the PEC is not significant compared to the proportion that relates to their work as practitioners independent of the PCT. It is not, therefore appropriate to disclose their pension entitlements.

Pension Benefits – Understanding the Figures

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity. It includes the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme and any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. Real increase in pension reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of period.

External Audit Review

Only the information included in the Salaries & Allowances and Pension Tables has been subject to external audit.

Signed:
Date: 25 August 2009

Darren Grayson
Chief Executive

INDEPENDENT AUDITOR'S STATEMENT TO THE BOARD OF DIRECTORS OF BRIGHTON AND HOVE CITY PRIMARY CARE TRUST.

Opinion on the financial statements

I have examined the summary financial statements set out on pages 24 to 29.

This report is made solely to the Board of Directors of Brighton and Hove City Teaching PCT in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Report.

My responsibility is to report to you my opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statements.

Basis of opinion

I conducted my work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. My report on the statutory financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of the PCT for the year ended 31 March 2009. I have not considered the effects of any events between the date on which I signed my report on the statutory financial statements on 10 June 2009 and the date of this statement.

Paul Grady
District Auditor
7 September 2009

Audit Commission, 1st Floor,
MLS Business Centre, Crossweys,
28-30 High Street, Guildford,
Surrey, GU1 3HY.

SUMMARY FINANCIAL STATEMENTS 2008/09

Format of the Accounts

The PCT's accounts have been prepared with due regard to UK Generally Accepted Accounting Practice, Companies Act and Financial Reporting Standards Disclosures.

Only summary financial statements are included in this report and, for a full understanding of the entity's financial position and performance, a full set of accounts can be obtained free of charge by request to the Director of Finance, Prestamex House, 171-173 Preston Road, Brighton, BN1 6AG, tel. 01273 545311.

Financial Performance

Tables 1 and 2 show the PCT's Operating Cost Statement and Revenue Resource Limit. Despite the challenges faced during the year, and as planned, the PCT remained within its Resource Limit for the year. The PCT made a small surplus for the year of £124k. The Capital Resource Limit for the year was met at £150k.

1. Operating Cost Statement for the Year Ended 31 March 2009

	2008/09 £'000	2007/08 £'000
Gross Operating Costs	445,985	407,968
Less: Miscellaneous Income	(13,324)	(8,823)
Net Operating Costs before Interest	**432,661**	**399,145**
Interest Receivable	0	0
Interest Payable	1,459	988
Net Operating Cost for the Financial Year	**434,120**	**400,133**

[Note: The PCT has no provider services and is a commissioning-only organisation]

BRIGHTON & HOVE ANNUAL REPORT 2008/09

2. Revenue Resource Limit

	2008/09 £'000	2007/08 £'000
Total net operating cost for the financial year	434,120	400,133
Less: Non-discretionary Expenditure	1,810	1,697
Operating Costs less non-discretionary expenditure	**432,310**	**398,436**
Final Revenue Resource Limit for Year	432,434	401,454
Underspend against Revenue Resource Limit	**124**	**3,018**

3. Capital Resource Limit

	2008/09 £'000	2007/08 £'000
Charge against the Capital Resource Limit	150	225
Capital Resource Limit	150	380
Underspend against Capital Resource Limit	**0**	**155**

The table below shows the PCT's gains and losses during the year:

4. Statement of Recognised Gains and Losses for the Year Ended 31 March 2009

	2008/09 £'000	2007/08 £'000
Fixed Asset Impairment Losses	0	(3,274)
Unrealised surplus / (deficit) on fixed asset revaluations / indexation	(58)	1,080
Increase in the donated asset reserve and government grant reserve due to receipt of donated and government granted assets	0	0
Additions / (reductions) in the General Fund due to the transfer of assets from/(to) NHS bodies and the Department of Health	0	0
Additions / (reductions) in "other reserves"	0	0
Recognised gains and losses for the financial year	**(58)**	**(2,194)**
Prior period adjustment - other	(2,060)	0
Gains and losses recognised in the financial year	**(2,118)**	**(2,194)**

As in 2007/2008, the fixed asset impairment loss relates to the Sussex Orthopaedic Treatment Centre. The PCT has a finance lease in respect of this asset, which is based at Princess Royal Hospital, at the Haywards Heath site of Brighton and Sussex University Hospitals NHS Trust. Given the change in the economic circumstances, and in accordance with changes in the accounting framework for fixed assets within the NHS, the PCT commissioned a valuation from the District Valuer of this asset, which indicated that an impairment exists. This valuation is on the basis of Depreciated Replacement Cost.

Balance Sheet

The Balance Sheet (table 5), summarised below, analyses the opening balances as at 1st April 2008 reflecting net assets £(30,546k). By 31st March 2009, the net position had moved to £(34,539k).

Fixed asset additions during the year totalled £150k and there were no disposals. The total fixed asset value at 31st March 2009, after depreciation, indexation and the impairment of the Treatment Centre described above, amounted to £11,367k.

The net current liabilities increased from £(28,032k) to £(29,622k). The total current debtors reduced from £17,991k in 2007/08 to £3,432k in 2008/09. This was mainly as a result of a sustained effort by the Finance Department to reduce the PCT's debts. Provisions and creditors greater than one year have remained stable.

5. Balance Sheet as at 31st March 2009

	2008/09 £'000	2007/08 £'000
Fixed Assets		
Intangible Fixed Assets	0	0
Tangible Assets	11,367	14,201
Investments	0	0
Financial Assets	0	0
	11,367	**14,201**
Current Assets		
Stocks and Work in Progress	8	8
Debtors	3,432	17,991
Other Financial Assets	0	0
Cash at Bank and in Hand	102	7
Total Current Assets	**3,542**	**18,006**
Creditors: Amounts falling due within one year	(33,164)	(46,038)
Other Financial Liabilities falling due within one year	0	0
Total Assets less Current Liabilities	**(18,255)**	**(13,831)**
Creditors: Amounts falling due after more than one year	(13,736)	(14,069)
Other Financial Liabilities falling due after more than one year	0	0
Provisions for Liabilities and Charges	(2,548)	(2,646)
Total Assets Employed	**(34,539)**	**(30,546)**
Financed by: Taxpayers' Equity		
General Fund	(34,481)	(28,486)
Revaluation Reserve	(58)	(2,060)
Donated Asset Reserve	0	0
Government Grant Reserve	0	0
Other Reserves	0	0
Total Taxpayers' Equity	**(34,539)**	**(30,546)**

BRIGHTON & HOVE ANNUAL REPORT 2008/09

Cash Flow Statement

The Cash Flow Statement for the year is detailed below (table 6). It shows a net cash outflow for the year of £(430,832k) being financed by Parliamentary Funding. The Statement shows a cash increase as at 31st March 2009 of £95k.

6. Cash Flow Statement for Year Ended 31st March 2009

	2008/09 £'000	2007/08 £'000
Operating Activities:		
Net Cash Outflow from Operating Activities	**(429,223)**	**(394,036)**
Servicing of finance and Returns on Investment:		
Interest Paid	0	0
Interest Received	0	0
Interest Element of Finance Leases	(1,459)	(988)
Net Cash outflow from servicing of finance and returns on investment	**(1,459)**	**(988)**
Capital Expenditure:		
Payments to acquire intangible assets	0	0
Receipts from sale of intangible assets	0	0
Payments to acquire tangible fixed assets	(150)	(225)
Receipts from sale of tangible fixed assets	0	0
Payments to acquire fixed asset investments	0	0
Receipts from sale of fixed asset investments	0	0
Payments to acquire financial instruments	0	0
Net cash inflow/(outflow) from capital expenditure	**(150)**	**(225)**
Net cash inflow/(outflow) before financing and management of liquid resources	**(430,832)**	**(395,249)**
Management of Liquid Resources:		
(Purchase) of other current asset investments	0	0
Sale of other current asset investments	0	0
Net cash inflow/(outflow) from management of liquid resources	**0**	**0**
Net cash inflow/(outflow) before financing	**(430,832)**	**(395,249)**
Financing:		
Net Parliamentary Funding	431,270	396,031
Other capital receipts surrendered	0	0
Capital grants received	0	0
Capital element of finance lease rental payments	(343)	(815)
Cash transfers (to)/from other NHS bodies	0	0
Net Cash Inflow from Financing	**430,927**	**395,216**
Increase / (Decrease) in Cash	**95**	**(33)**

BRIGHTON & HOVE ANNUAL REPORT 2008/09

Management Costs

Under the NHS definition some staff and Board are classified as Management and are described as 'Management costs'. The PCT's management costs were:

7. Management Costs

Management Costs	£7,844k
Weighted Population	275,300
Management cost per head of weighted population	£28.49

The comparative cost for 2007/08 was £25.55.

Better Payment Practice Code

In line with Government accounting rules, the PCT aims to pay NHS and non-NHS creditors within 30 days of receipt of goods or a valid invoice (whichever is later) – unless other terms have been agreed. The PCT's performance is shown in table 8 below. There have been improvements in both number and value between 2007/08 and 2008/09. The PCT has put in place an Action Plan to improve further in this area in 2009/10.

8. Better Payment Practice Code

	2008/09 Number	2008/09 £'000	2007/08 Number	2007/08 £'000
Non-NHS Creditors				
Total bills paid in the year	9,298	62,002	10,751	44,775
Total bills paid within target	8,038	56,250	9,273	35,335
Percentage of bills paid within target	**86.45%**	**90.72%**	**86.25%**	**78.92%**
Non-NHS Creditors				
Total bills paid in the year	1,678	313,721	1,709	285,246
Total bills paid within target	1,058	286,190	1,014	246,286
Percentage of bills paid within target	**63.05%**	**91.22%**	**59.33%**	**86.34%**

GLOSSARY OF FINANCIAL TERMS

Accruals
An accounting concept. In addition to payments and receipts of cash, adjustment is made for outstanding payments, debts to be collected and stock. This means that the accounts show all of the income and expenditure that related to the financial year.

Assets
An item that has a value in the future. For example, a debtor (someone who owes money) is an asset, as they will in future pay. A building is an asset, because it houses activity that will provide a future income stream.

Audit
The process of validation of the accuracy, completeness and adequacy of disclosure of financial records.

Capital
Land, buildings, equipment and other long-term assets owned by the Trust, the cost of which exceeds £5,000 and has an expected life of more than one year.

Cash Limit
A limit set by the Department of Health which restricts the amount of cash drawings that the Trust can make in the financial year. There is a combined cash limit for both revenue and capital.

Commissioning
Purchase of healthcare from external service providers (NHS, other public sector, private and voluntary) to meet the needs of the population.

Current Assets
Debtors, stocks, cash or similar, whose value is, or can be converted into, cash within the next twelve months.

Fixed Assets
Land, buildings, equipment and other long term assets that are expected to have a life of more than one year.

Governance
Governance is the system by which organisations are directed and controlled . It is concerned with how the organisation is run, how it is structured and how it is led. Corporate governance should underpin all that an organisation does. In the NHS, this means it must encompass clinical, financial and organisational aspects.

Gross Operating Costs
This is the total revenue expenditure, including accruals and provisions, incurred in the course of performing all aspects of the Trust's functions during the year.

Intangible Assets
Brand value or some other right (for example, a software licence), which although invisible is likely to derive financial benefit for its owner in the future, and for which you might be willing to pay.

Liabilities
Obligations which the PCT has incurred in the course of business. This includes outstanding payments to suppliers (NHS and non-NHS) as well as obligations arising under longer term arrangements, such as finance leases.

Miscellaneous Income
Income that relates directly to the operating activities of the Trust. This excludes cash voted by Parliament and drawn down by the Trust from the Department of Health, which is credited to the general fund.

Payment by Results
A financial framework in which providers are paid according to the level of activity undertaken. Payment is based on a national tariff.

Practice Based Commissioning
A framework which engages GP practices and other primary care professionals in the redesign of services for the benefit of patients, through the provision of resources, information and support.

Primary Care Trust
Primary care organisations that provide and manage services delivered within the primary and community care sector, as well as commission acute and other services for its population.

Provider
Organisations that provide health care services through contracts with NHS Brighton and Hove.

Resource limit
Expenditure limits are determined for each NHS organisation by the Department of Health for both revenue and capital, which limit the amount that may be expended on revenue purchases, as assessed on an accruals basis (that is, after adjusting for debtors and crditors).

Revenue
Ongoing or recurring running costs or funding for the general provision of services.

Tangible Assets
A sub-classification of fixed assets, which include land, buildings, equipment, and fixtures and fittings.